

Urgently Needed Job Creation Plan Outlined on Conference Call with Economic Policy Institute

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Washington, D.C. – With the Federal Reserve recently projecting that unemployment will remain above eight percent into 2012, Congressman Joe Sestak (PA-07) and experts from the Economic Policy Institute (EPI) joined in calling for specific efforts to spur job growth. During a conference call, the Congressman offered a series of nine proposals to address high unemployment, highlighted by a job creation tax credit that EPI estimates will create millions of jobs over the next two years. Along with EPI Vice President Ross Eisenbrey and Dr. Josh Bevins, an economist at EPI, the Congressman emphasized the importance of the Economic Stimulus Bill in recovery efforts to this point, but said more must be done, particularly in encouraging new hiring in the private and non-profit sectors.

As evidence of the Stimulus' success the Congressman pointed to the more than 600,000 Americans employed in the third quarter of the year as a result of the bill. Furthermore, job losses were cut by 40 percent in the second and third quarters of this year, following the legislation's passage.

"The Stimulus was critical in stopping the cratering of our economy," said Congressman Sestak.

“Now, to ensure a lasting recovery that benefits everyone, we need to focus on the development of small businesses, which are responsible for more than 70 percent of all job creation, as our nation’s highest economic priority. As EPI has shown, a tax credit for jobs created is a proven way to boost small businesses – the engine of our economy.”

Congressman Sestak’s legislation would amend the Internal Revenue Code to provide refundable tax credits to small businesses with less than 50 employees and less than \$5 million in gross receipts for adding jobs, adding hours, and raising wages. The EPI representatives have voiced strong support for this measure. They referenced analysis by their organization, which shows that a tax credit of this sort would create almost 3 million jobs in 2010 and more than two million in 2011. Moreover, the EPI briefing paper on the subject says it will “stimulate the entrepreneurial character of Americas by giving 6.5 million employers and millions more aspiring entrepreneurs a limited-time offer to expand their production or start new endeavors at a discount.” In addition to catalyzing significant hiring, the EPI experts say these investments would help boost our gross domestic product, resulting in increased revenues to put toward paying down the federal budget deficit.

Making small businesses the centerpiece of his overall job creation plan, the Congressman notes that while establishments with fewer than 20 employees account for 25 percent of all jobs, they generated 40 percent of the growth in the last economic expansion. We must have a comprehensive solution to assist small and start-up companies to create the between 9 and 10 million new jobs over the next two years that are required to reduce unemployment to the normal range of 4 to 5 percent. **Besides passage of a jobs creation tax credit-- see above-- Congressman Sestak advocates:**

- **Increasing the maximum SBA loan size** to \$5 million and \$5.5 million for struggling manufacturing companies;
- **Raising the limit of the Small Business Administration's loan guarantees** to 97.5%;
- **Extending an accelerated depreciation benefit to encourage investment** in new equipment;
- **Increasing the cap on SBA microloans** to at least \$50,000; and

- **Increasing loan rate caps** to encourage more banks to invest.

In addition, to help spur job creation-- and maintain jobs until the economy takes off on an expansion-- Congressman Sestak also advocates the following provisions:

- **Promoting work-share programs**, in which states can temporarily use unemployment benefits to make up a portion of workers' lost wages;
- **Providing relief to state and local governments** to prevent job cuts by closing the \$120 billion gap that states now face.
- **Investing in infrastructure**-- especially building and repairing schools-- to restore the \$10 billion that was cut from the Stimulus bill by the Senate; and
- **Providing relief to workers** who lose their jobs will ensure consumer spending and confidence. Beyond extending unemployment insurance benefits, Congress should expand COBRA health care coverage subsidies for workers.

"I hope that similar proposals come out of today's White House Jobs Summit and urge my colleagues in Congress to understand the immediacy with which we must act," said Congressman Sestak. "Millions of Americans are struggling because of the economic downturn and a lack of accountability among elected officials was a significant cause of our current circumstance. Our constituents deserve better and we cannot accept excuses that we have too much on our plate."

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navy's anti-terrorism unit that established strategic and operations policies for the Global War on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.

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